



DATE: August 12, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-42
Adopting Budget Amendment No. 1 for the Fiscal Year Beginning July 1, 2020,
and Ending June 30, 2021; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7397

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2020-21 budget for the first time to specifically address appropriations related to several items that have been recognized since Adopted of the budget in June 2020:

- (1) Recognize \$15,000,000 additional CARES Act grant resources and related expenditures to continue the Small Business Relief Fund (SBRF) program including support to mass gathering venues.
- (2) Recognize \$1,480,000 in an Economic Development Administration (EDA) grant that was awarded to Prosper Portland at the end of July;
- (3) Appropriate from contingency \$1,300,000 from contingency in the Lents Town Center Tax Increment Finance (TIF) District to provide additional funding for transportation infrastructure from tax-exempt bond proceeds.
- (4) Appropriate from contingency \$3,000,000 in prior year, unspent USPS environmental liability escrow in the Business Management Fund.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The FY 2020-21 Budget Amendment No. 1 ensures that the Prosper Portland Board has appropriated adequate public funds to be lawfully expended by Prosper Portland to further implement the SBRF as allocated by City Council as well as EDA programming. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources will impact all Strategic Plan goals and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2020-21 Budget Amendment No. 1 is a focused, supplemental budget that appropriates funds largely to efforts related to Prosper Portland and the City of Portland's continued response to the COVID-19 impact as well as additional resources in the Lents Town Center TIF

District made available from recent bond refinancing. Also included is an appropriation for prior year carryover of the \$3,000,000 USPS environmental liability reserve. The reserve funds have been carried over from year-to-year since acquisition of the USPS site per the terms of the acquisition.

In response to the COVID-19 crisis, Prosper Portland staff have been working with City of Portland (City) elected officials, bureau leadership and staff, financial institutions, and local foundations to support affected small businesses across the city. The initial \$2,000,000 SBRF included \$1,000,000 in City General Fund resources and \$1,000,000 in Prosper Portland Enterprise Zone resources to fund grant and loan programs. On July 22, 2020 City Council took action to allocate \$114,000,000 in CARES Act resources from the federal government. The action resulted in \$15,000,000 being allocated to continue small business support and local entertainment venues that will not open until phase III for the State of Oregon's reopening plan. Prosper Portland will be entering into an Intergovernmental Agreement with the City that outlines the terms of disbursing the funds that will be brought for consideration to the Prosper Portland Board in another agenda item at the August 12, 2020 meeting.

On June 10, 2020, the Prosper Portland Board approved a \$1,480,000 application to the EDA for additional loan funds to support small business working capital needs. Prosper Portland staff received official notice of the grant award on July 23, 2020 and has been working to deploy the funds; grant award acceptance will be brought for consideration to the Prosper Portland Board in another agenda item at the August 12, 2020 meeting.

In the spring of 2020, the City Office of Management and Finance and Prosper Portland worked to complete the refinancing of several outstanding bonds in tax increment districts that resulted in the release of tax-exempt bond reserves. The release of tax-exempt bond reserves must be spent on tax-exempt eligible projects such as public infrastructure. Prosper Portland staff worked with City partners to identify additional funding needs in the applicable areas where the excess bond proceeds could be applied, in exchange for transportation and parks system development charges being applied to the Broadway Corridor project. Staff are requesting that on August 12, 2020, through separate items on the meeting agenda, the Prosper Portland Board authorizes a new intergovernmental agreement (IGA) for the Springwater Connector Project and an amended IGA for the Foster Streetscape projects in the Lents Town Center TIF District. The recommended budget action appropriates resources to implement these two IGAs.

EQUITY IMPACT

The budget amendment allows for a substantial increase in expenditures related to SBRF and EDA loan program, which prioritize small businesses, those owned by people of color and women, and located in traditionally underserved communities. Further, this action will provide resources that both invest in critical infrastructure projects in the Lents Town Center TIF District, resulting in additional City commitments in Broadway Corridor.

COMMUNITY PARTICIPATION AND FEEDBACK

Prosper Portland staff has continued to work with the Economic Impact Action Committee (EIAC), a group of City elected officials and staff and other business and workforce partners who

meet daily to develop a coordinated response to the economic impacts of the pandemic. In addition, staff has convened the Economic Impact Task Force (Task Force), an approximately 80-member group of stakeholders that includes EIAC representatives as well as partners from the non-profit, business, workforce, and government partner communities.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2020-21 Revised Budget reflect the financial implications of recognizing the additional CARES Act, EDA grant, and tax-exempt bond funds. Through this budget revision, staff is also recommending establishment of a new special revenue fund in Prosper Portland chart of accounts to budget and receipt CARES Act funds from the City. In summary, key changes to resources and requirements are:

Changes to Total Resources:

- **CARES Act Fund:** establishes new fund and adds \$15,000,000 in grant resources based on City Council support of the SBRF and venues.
- **EDA Fund:** adds \$1,480,000 additional EDA grant resources.

Changes to Total Requirements (summarized):

- **CARES Act Fund:** establishes new fund and adds \$15,000,000 in Economic Development appropriation based on City Council support of the SBRF.
- **EDA Fund:** adds \$1,480,000 additional EDA Economic Development appropriations for loans to borrowers.
- **Lents Town Center TIF District:** Adds \$1,300,000 for Infrastructure appropriations for (Appropriated from contingency)
- **Business Management Fund:** Appropriates \$3,000,000 for Property Redevelopment from contingency in accordance with the terms of the purchase and sale agreement of the USPS site (requirement to establish a reserve for any environmental liability)

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2020-21 Budget Amendment No. 1, there will be inadequate appropriations to support fully disbursing the SBRF or other Economic Development programs. An over-expenditure of an appropriation within a fund is a violation of local budget law (Oregon Revised Statutes 294); therefore, the recommended budget amendments ensure proper appropriations authority for all expenditures.

ATTACHMENTS

None.